

VZCZCXYZ0005
RR RUEHWEB

DE RUEHHK #4795/01 3540903
ZNR UUUUU ZZH
R 200903Z DEC 06
FM AMCONSUL HONG KONG
TO RUCPDOG/USDOC WASHDC
INFO RUEHC/SECSTATE WASHDC 9871
RHMFIUU/HQ BICE WASHINGTON DC

UNCLAS HONG KONG 004795

SIPDIS

USDOC FOR 532/OEA/LHINES/DFARROW
USDOC FOR 3132 FOR FCS/OIO REGIONAL DIRECTOR WILLIAM
ZARIT
BICE FOR OFFICE OF STRATEGIC INVESTIGATIONS

SIPDIS

E.O. 12958: N/A
TAGS: [BMGT](#) [BEXP](#) [HK](#) [ETRD](#) [ETTC](#)
SUBJECT: EXTRANCHECK: POST SHIPMENT VERIFICATION:
ADVANCED ENERGY-SHENZHEN C/O BALTRANS LOGISTRIC

REF: A) USDOC 05352

1.Unauthorized disclosure of the information provided below is prohibited by Section 12C of the Export Administration Act.

12. As per reftel A request and at the direction of the Office of Enforcement Analysis (OEA) of the USDOC Bureau of Industry and Security (BIS), Export Control Officer Philip Ankel (ECO) conducted a post shipment verification (PSV) at Advanced Energy-Shenzhen (Advanced Energy) C/O Baltrans Logistic (Baltrans), 59 Tai Yip Street, Kowloon, Hong Kong. The items in question are power hybrid circuits valued at USD 84,000, classified under Export Control Classification Number (ECCN) 9A004 and controlled for national security (NS) reasons. If properly classified, these items would most likely require a license for export to Hong Kong and mainland China. The exporter is International Rectifier of Leominster, Massachusetts (International Rectifier). Records provided by OEA indicate that no license was obtained for this shipment. More information about Advanced Energy is available at www.advanced-energy.com and more information about International Rectifier is available at www.irf.com.

13. The ECO visited Baltrans at the address referenced above on December 7, 2006 and met with Mr. Theodore Shum, Assistant Manager, Airfreight Operations, Import and Mr. Gordon Lam, Operations Manager, Airfreight, Import. Mr. Lam provided background on Baltrans and its business, which involves the provision of a range of logistics and freight forwarding services. Baltrans is an internationally known freight forwarding and logistics company (www.baltrans.com).

14. Mr. Lam stated that with respect to the shipment in question, Baltrans acted merely as the warehouse for Advanced Energy. In particular, Federal Express was responsible for the export of the item from the United States as well as all import formalities into Hong Kong. Federal Express delivered the items to Baltrans who, in turn, informed Advanced Energy of the arrival of the items. Advanced Energy, in turn, sent a truck to pick up the items for onward shipment to mainland China. According to Mr. Lam, Advanced Energy was responsible for all export related formalities from Hong Kong. In fact, Mr. Lam stated that Baltrans does not perform export licensing services on behalf of its customers (Note: some freight forwarders in the United

States complete such formalities on behalf of customers).

15. Mr. Lam claimed that Advanced Energy is no longer a customer of Baltrans and switched logistics providers approximately three months prior to the PSV. He further stated that he is unaware of Advanced Energy's current logistics provider. He indicated that because the shipment had occurred some time ago, he was unable to access the applicable shipping documents. He averred that the documents had already been sent to storage and so would be too difficult to provide to the ECO.

16. When asked by the ECO why the shipment had taken the route that it had (through Hong Kong to Shenzhen), Mr. Lam indicated that he had put the same question to Advanced Energy since Baltrans has an office in Shenzhen. According to Mr. Lam, Advanced Energy declined to answer Mr. Lam's question.

17. As stated above, if properly classified, these items would require a license for export to either Hong Kong or mainland China. The ECO recommends that BIS reach out to the exporter to determine why it did not obtain a license for this shipment and, further, why it listed Hong Kong as the country of ultimate destination when it is clear from the applicable documentation provided by OEA that the shipment was destined for mainland China.

18. At the time visited, Advanced Energy did not appear to be a suitable recipient of controlled items since Advanced Energy does not have a manufacturing or other facility in Hong Kong at which such items might be put to use. The ECO recommends that this PSV of Advanced

Energy be classified as Unfavorable.

Cunningham